

SECOND REGULAR SESSION

# HOUSE BILL NO. 1857

## 98TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE MATHEWS.

5406H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 92.111, 92.115, 92.120, and 92.125, RSMo, and to enact in lieu thereof one new section relating to the repeal of earnings taxes in certain cities.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 92.111, 92.115, 92.120, and 92.125, RSMo, are repealed and one new section enacted in lieu thereof, to be known as section 92.111, to read as follows:

92.111. 1. After December 31, [2011] **2017**, no city, including any constitutional charter city, shall impose or levy an earnings tax[, except a constitutional charter city that imposed or levied an earnings tax on November 2, 2010, may continue to impose the earnings tax if it submits to the voters of such city pursuant to section 92.115 the question whether to continue such earnings tax for a period of five years and a majority of such qualified voters voting thereon approve such question, however, if no such election is held, or if in any election held to continue to impose or levy the earnings tax a majority of such qualified voters voting thereon fail to approve the continuation of the earnings tax, such city shall no longer be authorized to impose or levy such earnings tax except to reduce such tax in the manner provided by section 92.125].

2. As used in sections 92.111 to 92.200, unless the context clearly requires otherwise, the term "earnings tax" means a tax on the:

(1) Salaries, wages, commissions and other compensation earned by its residents;

(2) Salaries, wages, commissions and other compensation earned by nonresidents of the city for work done or services performed or rendered in the city;

(3) Net profits of associations, businesses or other activities conducted by residents;

(4) Net profits of associations, businesses or other activities conducted in the city by nonresidents;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 (5) Net profits earned by all corporations as the result of work done or services  
19 performed or rendered and business or other activities[;] .

[92.115. 1. Any constitutional charter city which as of November 2,  
2 2010, imposed or levied an earnings tax may continue to impose or levy an  
3 earnings tax, pursuant to sections 92.111 to 92.200, if it submits to the qualified  
4 voters of such city on the next general municipal election date immediately  
5 following November 2, 2010, and once every five years thereafter, the question  
6 whether to continue to impose and levy the earnings tax authorized pursuant to  
7 sections 92.111 to 92.200, and if a majority of qualified voters voting approve the  
8 continuance of the earnings tax at such election.

9 2. The question submitted to the qualified voters in any such city shall  
10 contain the earnings tax percentage imposed and the name of the city submitting  
11 the question and shall otherwise contain exactly the following language:

12 Shall the earnings tax of .....%, imposed by the City of ....., be continued  
13 for a period of five (5) years commencing January 1 immediately following the  
14 date of this election?

15 ☐ YES

☐ NO

16 3. If the question whether to continue to impose and levy the earnings tax  
17 fails to be approved by the majority of qualified voters voting thereon, the  
18 earnings tax levied and imposed on November 2, 2010, shall be reduced pursuant  
19 to section 92.125 commencing January first of the calendar year following the  
20 date of the election held under this section or January first of the calendar year  
21 following the calendar year in which such election was authorized under this  
22 section but not held by such city.

23 4. No city which has begun reductions of its earnings tax pursuant to  
24 section 92.125 may, by ordinance or any other means, with or without voter  
25 approval, stop or suspend such reduction.]

[92.120. The tax on salaries, wages, commissions and other  
2 compensation of individuals, subject to tax, and on the net profits or earnings of  
3 associations, businesses or other activities, and corporations, subject to tax, shall  
4 not be in excess of one percent per annum.]

[92.125. If no election is held pursuant to section 92.115, or if in an  
2 election held to continue to impose or levy the earnings tax a majority of such  
3 qualified voters fail to approve the continuance of the earnings tax, the earnings  
4 tax levied and imposed on November 2, 2010, shall be reduced as follows:

5 (1) Beginning January first of the first calendar year following the  
6 calendar year in which the election provided for in section 92.115 was held or the  
7 calendar year in which the election provided for in section 92.115 was authorized  
8 to be held but was not held, the earnings tax shall not be in excess of nine-tenths  
9 of one percent;

10 (2) Beginning January first of the second calendar year following the  
11 calendar year in which the election provided for in section 92.115 was held or the  
12 calendar year in which the election provided for in section 92.115 was authorized

13 to be held but was not held, the earnings tax shall not be in excess of eight-tenths  
14 of one percent;

15 (3) Beginning January first of the third calendar year following the  
16 calendar year in which the election provided for in section 92.115 was held or the  
17 calendar year in which the election provided for in section 92.115 was authorized  
18 to be held but was not held, the earnings tax shall not be in excess of seven-tenths  
19 of one percent;

20 (4) Beginning January first of the fourth calendar year following the  
21 calendar year in which the election provided for in section 92.115 was held or the  
22 calendar year in which the election provided for in section 92.115 was authorized  
23 to be held but was not held, the earnings tax shall not be in excess of six-tenths  
24 of one percent;

25 (5) Beginning January first of the fifth calendar year following the  
26 calendar year in which the election provided for in section 92.115 was held or the  
27 calendar year in which the election provided for in section 92.115 was authorized  
28 to be held but was not held, the earnings tax shall not be in excess of one-half of  
29 one percent;

30 (6) Beginning January first of the sixth calendar year following the  
31 calendar year in which the election provided for in section 92.115 was held or the  
32 calendar year in which the election provided for in section 92.115 was authorized  
33 to be held but was not held, the earnings tax shall not be in excess of four-tenths  
34 of one percent;

35 (7) Beginning January first of the seventh calendar year following the  
36 calendar year in which the election provided for in section 92.115 was held or the  
37 calendar year in which the election provided for in section 92.115 was authorized  
38 to be held but was not held, the earnings tax shall not be in excess of three-tenths  
39 of one percent;

40 (8) Beginning January first of the eighth calendar year following the  
41 calendar year in which the election provided for in section 92.115 was held or the  
42 calendar year in which the election provided for in section 92.115 was authorized  
43 to be held but was not held, the earnings tax shall not be in excess of two-tenths  
44 of one percent;

45 (9) Beginning January first of the ninth calendar year following the  
46 calendar year in which the election provided for in section 92.115 was held or the  
47 calendar year in which the election provided for in section 92.115 was authorized  
48 to be held but was not held, the earnings tax shall not be in excess of one-tenth  
49 of one percent;

50 (10) After the ninth calendar year following the calendar year in which  
51 the election provided for in section 92.115 was held or the calendar year in which  
52 the election provided for in section 92.115 was authorized to be held but was not  
53 held, notwithstanding any provisions of this chapter or chapter 66, 80, or 94 or  
54 the provisions of any municipal charter, no city, including any constitutional  
55 charter city, which either failed to hold an election pursuant to section 92.111 or

56        which held an election pursuant to section 92.111 and in which a majority of  
57        qualified voters fail to approve the continuance of the earnings tax, may impose  
58        or levy by ordinance or any other means an earnings tax.]

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